

*A consumer's guide to:*  
**Buying long-term  
care insurance**

*And other ways to pay for long-term care*



OFFICE of the  
**INSURANCE  
COMMISSIONER**  
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No one likes to think about the prospect of needing long-term care. However, as life expectancy continues to rise, more and more Americans between the ages of 40 and 84 – especially those in their mid 50s – will start to prepare for their older years.

Long-term care refers to a wide range of medical, personal and social services. You may need this type of care if you have a prolonged illness or disability. It includes help with daily activities, such as dressing, bathing, eating, toileting, getting in and out of a bed or chair, and walking. It also may include home health care, adult day care, nursing home care or care in a group living facility.

This kind of care is sometimes paid for privately (out of pocket) or through insurance. Often, it's a combination of both. See page 5 for other ways to pay for long-term care.

Long-term care insurance is one way to pay for long-term care. It's designed to cover all or some long-term care services. Long-term care insurance may consist of an individual insurance policy, or group coverage including a master policy and certificates of insurance. These policies pay for certain services once your claim is approved.

## **What long-term care insurance policies cover**

Long-term care insurance pays for care generally not covered by regular health insurance or Medicare. Long-term care insurance can help you protect assets and retain more control over your health care decisions later in life.

If you cannot afford to pay out-of-pocket for long-term care services or you choose not to buy long-term care insurance, Medicaid may be an option for you.

## **When do long-term care insurance benefits start?**

Long-term care policies include an elimination period. This is the number of days that you'll be financially responsible for your own care before your benefits start. Elimination periods can range from zero to 180 days. Shorter elimination periods generally cost more.

Also, long-term care policies do not guarantee coverage unless you satisfy certain requirements. These are called “benefit triggers” and they vary by policy. For example, most policies will not provide coverage until you're unable to perform a given number of daily living activities, such as dressing, bathing, and eating without help. Make sure you know what the “benefit triggers” are in your policy.

## **How much does long-term care insurance cover?**

Long-term care insurance provides a daily benefit, which is the maximum daily amount your insurance policy will pay in any single day for your care. The daily benefit may include room and board, home care, adult day care, hospice, respite care, etc. It can vary based on the dollar amount you select when you buy your policy and the type of care you end up receiving.

You also can choose a benefit period that is a specific number of days, months or years. A maximum benefit period may range from one year to the remainder of your lifetime. Be sure to ask your agent or broker if the benefit amounts will increase with inflation and if that increases your premium.

## Deciding if long-term care insurance is right for you

### It might be right if:

- You have assets to protect, such as a home, savings, other investments, etc.
- You can afford the premium now and in the future.
- You're not currently disabled or seriously ill.
- You're unable to pay out-of-pocket for long-term care services and won't qualify for Medicaid.
- You want to ensure control over your assets.
- You want to protect your family from providing your long-term care.

### It might not be right if:

- You have few or no assets.
- You're unable to afford the premium.
- You're already disabled or seriously ill.
- Your income and assets qualify you for Medicaid.
- You have other insurance, such as a life insurance policy with a long-term care rider, another long-term care policy, etc.
- You can afford to pay out-of-pocket for your long-term care.
- You have no family or causes that you'd like to receive your assets.

## Factors to think about before you buy long-term care insurance

- **Age and life expectancy:** The longer you live, the more likely you'll need long-term care. The younger you are when you buy the insurance, the less it costs.
- **Gender:** Women are more likely to need long-term care because they live longer and often outlive their husbands.
- **Family situation:** If you have a spouse or adult children, you're more likely to receive care at home from family members. If family care is not available and you can't care for yourself, paid care outside the home may be your only option. Different policies may cover different types of long-term care services. It's important to buy a policy that will cover the type of care you expect to need and that's available in your area.
- **Health status:** If chronic or debilitating health conditions run in your family, you could be at a greater risk than another person of the same age and gender.

- **Income and assets:** You may choose to buy a long-term care policy to protect your assets. On the other hand, a long-term care policy is not a good choice if you have few assets or limited income.
- **Stability:** You'll want to research the stability of the company you are thinking about buying from. And be aware that all plans must comply with state consumer protection laws. For more information about these laws, call our Insurance Consumer Hotline at 1-800-562-6900.
- **Cost:** Long-term care insurance is expensive and insurance companies can raise premiums, which will increase your costs over time - and past history indicates that premiums will likely rise. Be sure to ask about the company's history of premium increases for all long-term care policies, not just the one you're considering buying. Here are also some options you may want to consider to keep costs down:
  - **Reduce your daily benefit amount.** This is the maximum dollar amount your insurance will pay in any single day.
  - **Reduce the benefit period duration.** This is the length of time your policy will pay for your care. For example, decrease the period from five years to two.
  - **Increase the elimination period.** This is similar to a health care deductible. It's the costs you are responsible for during the first 20 or 100 days before your policy starts paying.
  - **Reduce the amount of your optional inflation protection.** The purpose of inflation protection is to keep pace with the increased costs of long-term care services. It's an extra cost and it can be expensive.
  - **Choose the nonforfeiture option.** If you're worried about being able to afford the premium in the future, ask your agent about a nonforfeiture value before you buy a policy. This option prevents you from losing everything if you cancel your policy or for some reason, you don't pay the premium when it's due. This benefit costs extra, but provides reduced coverage should you fail to pay the premium.

## What's excluded in a long-term care policy

All policies include limits and exclusions. Before you buy, make sure you review this section in your policy. Policies sold in Washington state may exclude coverage for the following:

- Treatment for pre-existing conditions or diseases
- Treatment for alcoholism, or drug addiction\*
- Conditions due to serving in the armed forces
- Illnesses caused by an act of war (whether declared or undeclared)\*
- Self-inflicted injuries or conditions due to attempted suicide\*
- Conditions caused by participating in a felony, riot, or insurrection
- Benefits provided under state or federal workers' compensation, employer's liability or occupational disease law, or any motor vehicle no-fault law
- Services outside the U.S. or its territories

- Treatment provided in government facilities (unless required by law)
- Benefits provided by Medicare or other government programs (excluding Medicaid)\*
- Treatment due to an airplane accident (applies only to non-fare paying passengers)
- Services performed by a member of the covered person's immediate family
- Services for which there is no charge
- Expenses for services or items covered or paid for under another long-term care insurance or health insurance policy

In addition, all policies also exclude mental or nervous disorders or diseases, other than Alzheimer's disease or other dementia.

\* *These also are excluded by most policies sold nationwide.*

## **Long-term care insurance**

The cost of long-term care insurance varies according to the amount of coverage you buy, the options you select, and how old you are when you buy the insurance. Your premiums will likely increase over time. This type of insurance is not the best fit for everyone. It is very expensive for older buyers. Before you buy, make sure you can afford it now and in the future, and then shop around. Look at all of the options each policy offers. If you decide to buy a policy, choose one that best meets your changing needs.

## **Key points to remember**

- Long-term care insurance policies cover a wide range of medical, personal and social services.
- Be aware of what conditions you must meet before a policy starts to pay benefits.
- Understand the elimination period (the number of days you're financially responsible for covered services before your benefits start).
- Understand the daily benefits provided.
- Know what's covered and what's excluded.
- Match your need for long-term care with your need to protect your assets and your ability to pay premiums.
- Understand how much premium you must pay and how often you must pay it.
- Be aware that your future premium will likely increase.
- If you cannot afford the premium, you may lose your coverage. Make sure you know if the policy offers a reduced premium for less coverage.

## What you need to know if you're a living organ donor or considering becoming one

The Living Donor Act ([leg.wa.gov](http://leg.wa.gov)) prohibits insurance companies from declining or limiting coverage because you're a living organ donor.

Insurance companies cannot:

- Prevent you from donating all or part of an organ as a condition to buy or continue to keep a policy.
- Discriminate against you when offering or issuing, or cancelling a policy solely based on your status as a living organ donor.
- Charge you more for your policy or change the amount of your coverage due to your status as living organ donor.

### Limited long-term care insurance

Some insurance companies offer payment options that allow you to pay premiums for a limited period of time, rather than over the life of the policy. Instead of paying premiums as long as the policy stays in force, you make payments for a predetermined number of years or up to a certain age. Common examples include:

- **Single pay** – one premium payment
- **Ten pay** – pay premiums for 10 years
- **Twenty pay** – pay premiums for 20 years
- **To age 65** – pay premiums until you turn age 65

You can use cash, certificates of deposit (CDs), annuities, or other resources to buy a limited pay/long-term care policy. For example, if you buy a policy that offers a single premium payment, you are guaranteed no additional premium charges. The policy includes a set amount of money for your long-term care needs. The longer you have the policy and don't file a claim, the more money you will have for your future long-term care needs. These policies also pay a death benefit to your heirs (family or friends).

Check with your insurance agent about different long-term care insurance options.

## Other ways to pay for long-term care

### Washington state Long-Term Care Partnership Program

This program provides you with another option to help pay for long-term care costs. It helps you avoid spending down or transferring assets so you qualify for Medicaid when you need help with daily activities, such as dressing, bathing, eating, etc. Here's how it works:

#### Offers you Medicaid asset protection on a dollar-for-dollar basis.

- Medicaid asset protection protects most assets you have – up to the amount of benefits paid under the policy.

**Example:** If the Partnership policy paid \$200,000, Medicaid would allow you to keep the \$200,000 in assets and you'd still qualify for government help to pay for care as long as you meet all other qualifications.

#### Protects you against inflation if you're:

- Under age 61 when you buy the policy, it'll provide annual compounded inflation increases for benefits to cover the cost of your care.
- Between age 61 and 76, the policy will provide simple inflation increases.
- Over age 76, the policy might provide inflation increases.

#### Protects your assets in other states

- If you buy a Partnership policy in Washington state, it'll help protect your assets in other states too.
- Washington's a participant in the national "reciprocity" agreement with other states. This agreement allows Washington state Partnership policyholders to move to another "reciprocity" state and receive dollar-for-dollar asset protection. Similarly, Partnership policyholders from other reciprocal states can move to Washington state and remain protected.
- Without a reciprocity agreement, your long-term care policy is portable, but the asset protection features are not.

For more information on the Washington state Long-Term Care Partnership Program, go to: [www.insurance.wa.gov/buying-long-term-care-partnership-policy](http://www.insurance.wa.gov/buying-long-term-care-partnership-policy).

## WA Cares

WA Cares is a fund that all working Washington state residents started contributing to in July 2023.

People who contribute can receive services and supports worth up to \$36,500 (adjusted annually up to inflation) over their lifetime. Anyone who needs help with at least three activities of daily living, such as eating, bathing or toileting and who meets the vesting requirements is eligible.



You choose how to use your benefits. For example, you can hire a home-care aide, pay a family member, make home modifications or receive care in a residential setting or nursing home. WA Cares is self-funded entirely by workers contributions. For more information about WA Cares, go to: <http://wacaresfund.wa.gov>.

## **Medicaid**

As an older adult, you may qualify for Medicaid. This federally-funded program pays for almost half of the country's long-term care bills. To qualify for a Medicaid program, your monthly income and assets must meet certain limits.

Medicaid will cover you in Medicaid-approved nursing homes that offer the level of care you need. Under certain programs, Medicaid will pay for home health care. For information on Medicaid and its program eligibility requirements, contact your local Home and Community Services (HCS) office in the county you live in. To find your local office, call 1-800-422-3263, (TTY) 1-877-905-0454 or go to: <https://www.dshs.wa.gov/altsa>.

## **Personal savings**

You can use your savings or other personal resources to pay for long-term care. Personal resources could include money in a checking or savings account, stocks, bonds, investments, life insurance policies, pensions and income. Your family also may want to give you money towards your long-term care needs. If you choose this option, you should plan ahead before you need long-term care. Make sure you think about all of your future health care needs and costs. Long-term care is very expensive. This option may be practical for people with above-average resources or a family commitment to help with care. Ask a financial planner or elder law attorney about your options.

## **Accelerated Death Benefit (ADB)**

This is a benefit you can add to your life insurance policy. It provides cash advances against your death benefit while you're still alive. You can use this benefit if you have a terminal illness, need nursing home care permanently, or can't perform activities of daily living for yourself. There might be spending limits on these policies. Check this out with your agent or broker before you buy one.

## **Life settlement**

You may be able to sell your life insurance policy to a third-party company for a one-time cash payment that's greater than the policy's cash value, but less than the death benefit. The amount is based on your estimated life expectancy. If you're terminally or chronically ill, the company will offer you a greater amount for the policy. You can use the proceeds (which may be exempt from federal income taxes) to pay for long-term care needs. Talk to your insurance agent or financial planner to decide if this is the right option for you.

## Reverse mortgages

This is a special type of home loan that gives homeowners the ability to change home equity into cash. However, unlike a traditional home equity loan or second mortgage, no repayment is required until you (the borrower) no longer use your home as your principal residence. To get a U.S. Department of Housing and Urban Development (HUD) insured reverse mortgage, you must:

- Be age 62 or older;
- Own your home outright, or have a low mortgage balance that you can pay off at the closing with proceeds from the reverse loan; and
- Live in the home.

For more information about reverse mortgages, visit the HUD website at: [www.hud.gov](http://www.hud.gov). To decide if this will work for you, talk with a financial planner to understand the advantages and disadvantages of this option.

## Continuing Care Retirement Communities

Continuing Care Retirement Communities (CCRCs) provide housing, health care and social services. In the same community, there may be individual homes or apartments, an assisted living facility and a nursing home. Where you live depends on the level of care you need. The monthly maintenance fee usually ranges from \$650 to \$3,500 and may increase from year to year due to inflation. CCRCs also include buy-in or entrance fees that range from \$38,000 to \$500,000. The fees vary based on:

- Whether you own or rent living space in the CCRC
- The size and location of your residence
- The amenities you choose
- If the living space is for one or two people
- The type of service plan you choose
- Your current risk for needing intensive long-term care

Some CCRCs offer a “life care contract.” This means that if you need care in the assisted living facility or in the nursing home, you are guaranteed to pay the same entry fee and monthly fee as someone who lives in an individual home or apartment.

To find out if a CCRC is accredited and to get advice on selecting this type of long-term care, visit the Commission on Accreditation of Rehabilitation Facilities website at: [www.carf.org/](http://www.carf.org/).

## Veterans’ benefits

The Department of Veterans Affairs (VA) may provide long-term care for service-related disabilities or for certain eligible veterans and their spouses. There might be a waiting list for VA nursing homes. To get information about available services in your area, call Veterans Affairs at 1-800-827-1000.

## Medicare

Medicare generally pays very little for long-term care costs. If you meet certain conditions, Medicare will help pay for skilled nursing or home health care. To find out if you qualify for help under Medicare, use the online Medicare Eligibility tool at: [www.medicare.gov](http://www.medicare.gov). To apply for Medicare, contact the Social Security Administration at 1-800-772-1213 or go online at: [www.ssa.gov](http://www.ssa.gov).

## Resources

### Long-term care

**The Office of the Insurance Commissioner** - Can answer long-term care questions and help solve issues with current long-term care policies.

Insurance Consumer Hotline: 1-800-562-6900  
[www.insurance.wa.gov](http://www.insurance.wa.gov)

**BenefitsCheckUp® (BCU)** - Provides a comprehensive, free, online service to screen for federal, state, and some local public and private benefits for all ages. It also allows you to find out if you qualify for other long-term care options.

[www.benefitscheckup.org](http://www.benefitscheckup.org)

**The National Clearinghouse for Long-Term Care Information** - Offers online interactive tools such as a savings calculator, contact information for a range of programs and services, and real-life examples of how other people have successfully planned for long-term care.

202-619-0724  
[www.longtermcare.gov](http://www.longtermcare.gov)

**The Senior Information and Assistance National Elder Care Locator Service** - Links you with state and local area agencies on aging and community-based organizations that serve older adults and their caregivers.

1-800-677-1116  
<https://eldercare.acl.gov/Public/Index.aspx>

**The Washington State Department of Social and Health Services, Adult/Senior Services and Information** - Helps you find in-home services, residential care (assisted living, nursing home), resources to pay for care, benefits, legal and financial planning, and aging health information.

1-800-422-3263  
<https://www.dshs.wa.gov/altsa>

**The National Association of Insurance Commissioners (NAIC), A Shopper's Guide to Long-Term Care Insurance** - Helps you understand long-term care and the insurance options that can help you pay for long-term care services.

1-816-842-3600  
<https://content.naic.org/sites/default/files/publication-ltc-lp-shoppers-guide-long-term.pdf>

## Financial planning

**The Financial Planning Association** - Offers tools and resources for financial planning.

1-800-322-4237  
[www.fpanet.org](http://www.fpanet.org)

**The American Institute of Certified Public Accountants (CPAs)** - Offers tools, resources and information on how to find an accredited CPA.

1-888-777-7077  
[www.aicpa.org/](http://www.aicpa.org/)

**360 Degrees of Financial Literacy** - Offers general information for managing personal finances.

[www.360financialliteracy.org/](http://www.360financialliteracy.org/)

## Legal planning

**The Washington Law Help** - Provides legal education materials and tools on topics such as family law, aging/elder law, health and government benefits.

[www.washingtonlawhelp.org](http://www.washingtonlawhelp.org)

**The Washington State Bar Association** - Offers information on estate planning and elder law, and a lawyer referral service.

[www.wsba.org](http://www.wsba.org)  
Lawyer directory: [www.wsba.org/for-the-public/find-legal-help](http://www.wsba.org/for-the-public/find-legal-help)

**The Washington State Medical Association** - Provides several helpful booklets that answer questions and supply standardized forms for advance directives, such as living wills, durable power of attorney for health care and do-not-resuscitate orders.

[www.wsma.org](http://www.wsma.org)

**Coordinated Legal Education Advice and Referral (CLEAR)** - Is a program of the Northwest Justice Project, helps low-income people in Washington state with legal information and referrals. CLEAR Senior is a similar service for those age 60 or older, regardless of income level.

CLEAR: 1-888-201-1014, (TTY) 1-888-201-9737 or CLEAR Senior: 1-888-387-7111  
<https://nwjustice.org/get-legal-help>

## Watch for fraud!

Make sure the investment professional you work with is licensed and does not have complaints or disciplinary problems filed against him or her, or the firm. To find out, contact the Financial Industry Regulatory Authority (FINRA) BrokerCheck Hotline at 1-800-289-9999 or go to:  
<https://brokercheck.finra.org/>.



Need more help? Call our Insurance Consumer Hotline!

**1-800-562-6900**

Our consumer analysts provide information about insurance and investigate complaints against insurance companies and agents on your behalf. We also offer individual counseling and group education on health care issues in your communities. Our highly trained Statewide Health Insurance Benefits Advisors (SHIBA) volunteers can help you understand your rights and options about health care coverage, prescription drugs, government programs and more.

Visit us at:

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